

RADA

ROYAL
ACADEMY OF
DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Charity Registration Number 312819

THE ROYAL ACADEMY OF DRAMATIC ART

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THE ROYAL ACADEMY OF DRAMATIC ART

LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 JULY 2015

Principal Office	62-64 Gower Street London WC1E 6ED
President	Sir Kenneth Branagh (appointed June 2015)
Trustees	The following have been members of Council since 1 August 2014 unless otherwise stated.
Chairman	Sir Stephen Waley-Cohen Bt.
Vice-Chairman	Alan Rickman (retired June 2015)
Members	Catherine Bailey Zac Barratt The Honourable Peter Benson LVO Josh Berger CBE Simon Berry Matthew Byam Shaw Chipo Chung Paul Clay Mark Dakin (appointed June 2015) Buster Dover Nicholas Gold (retired October 2014) Judy Grahame Stephen Greene Margaret Heffernan (retired October 2014) Laurence Isaacson CBE Mike Leigh OBE Adrian Lester OBE (retired October 2014) Geoff Locker Rishi Madlani (appointed June 2015) Tanya Moodie (appointed June 2015) Glen Moreno Paul Pyant Fiona Shaw CBE Anthony Smith CBE Robin Soans Imogen Stubbs Andrew Sutch Michelle Terry Richard Wilson OBE Professor Michael Worton CBE

Council delegates the day to day management of The Royal Academy of Dramatic Art ("RADA") to the Director, Edward Kemp, and a team of seven senior managers: Kevin Chapman Director RADA in Business, Neil Fraser Technical Director, Linda Garforth Finance Director, Caroline Hawley Development Director, Patricia Myers the Registrar, Lucy Skilbeck Director of Actor Training and Flo Swann, Director of Marketing (resigned June 2015).

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LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 JULY 2015

The following have been members of the Finance and General Purposes Committee since 1 August 2014:

Chairman Zac Barratt

Members Paul Clay (appointed October 2014)
Margaret Heffernan (retired October 2014)
Andrew Sutch

The following have been members of the Audit Committee since 1 August 2014:

Chairman The Honourable Peter Benson LVO

Members Stephen Greene

The following have been members of the Nominations Committee since 1 August 2014:

Chairman Margaret Heffernan (retired October 2014)
Sir Stephen Waley-Cohen Bt (appointed October 2014)

Members Matthew Byam-Shaw (appointed October 2014)
Nicholas Gold (retired October 2014)
Alan Rickman (retired June 2015)
Robin Soans

Professional Advisers

Auditors Saffery Champness
Chartered Accountants
Lion House
Red Lion Street
London WC1R 4GB

Bankers Allied Irish Bank (GB)
10 Berkeley Square
Mayfair
London W1J 6AA

Solicitors Bond Dickinson LLP
The Chocolate Works
Bishophorpe Rd
York YO23 1DE

**Investment
Managers** McInroy & Wood Ltd
Easter Alderston, Haddington
East Lothian EH41 3SF

THE ROYAL ACADEMY OF DRAMATIC ART

CHAIRMAN'S REVIEW YEAR ENDED 31 JULY 2015

This has been another good year for RADA, in terms of academic, public benefit, and financial achievement. We are delivering the highest level of effective theatrical training to our full-time acting and technical students, and thereby providing benefit to the industry and the country as a whole. At a less intensive level, we also provide shorter courses to several hundred students of all ages who also gain much from their RADA experience. Our out-reach activity to schools and others remains an important tool to ensure the widest range of applicants to our core courses, as well as providing significant public benefit within Camden and beyond.

We are delighted that Sir Kenneth Branagh (graduate 1981) has agreed to become President, succeeding Lord Attenborough in this significant honorary role. We welcome his enthusiasm and commitment.

RADA and other drama schools continue to face regular - and highly publicised despite being inaccurate - commentary from media and leading entertainment industry colleagues about the costs of attending drama schools, and the alleged resulting inaccessibility to those from economically poorer backgrounds. The reality is that it costs the same to attend RADA as it does to attend a leading University, and receives the same government loan and grant support. We maintain high levels of gender and ethnic diversity, and of those to whom we offer places 37% are from families with incomes of less than £25,000; we continue to select our students solely on the basis of talent and potential; more than 57% of our full-time students receive some scholarship or bursary support.

The Academy's financial results were satisfactory and are set out in the Financial Review in the Trustee's report. The outcome – a small surplus after depreciation – is an improvement from the previous year. We remain very reliant on the efforts of the teams in short courses, fundraising and RADA Enterprises Ltd (now trading as RADA in Business ("RiB")) to cover the high costs of training and supporting our Conservatoire undergraduate and postgraduate students and it remains our ambition to continue to produce surpluses on an annual basis.

Following much discussion with Camden Council (as freeholders of RADA Studios, as well as the planning authority) about implementing the Attenborough vision for Chenies Street - including great improvements to the theatres, Library and public access, and the creation of student accommodation – we will be submitting our planning application in mid-October 2015 following a public consultation meeting in mid-September 2015. We expect to hear the outcome before the end of the year, and will then refine the timetable for fund-raising and construction.

After 12 years as Vice-Chairman and many years as a Member of Council before that, Alan Rickman has decided that he should step down, but will remain closely involved with the students and will also maintain a formal commitment by joining the Development Board to help us achieve the funding to realise our Chenies Street ambitions. Alan's contribution has been of the highest order; I am personally grateful to him for his thoughtful guidance and for making himself available despite his very busy professional life. Generations of staff and students will bear witness to his concerned and committed connection to the Academy's affairs at so many levels.

During the year Nicholas Gold, Margaret Heffernan and Adrian Lester ended long and distinguished terms as Members of Council. Nicholas served as Chairman of the Finance Committee through a difficult period for the Academy, and is now a Director of RiB, as is Margaret Heffernan, whose full term on Council brought focus to our discussions. Adrian Lester's busy acting commitments have made it hard for him to attend many meetings, but he has maintained his important association with the Academy in many other ways. I thank them all for their great contributions on Council and for their continuing involvement. I am pleased to welcome as new Members of Council Mark Dakin, Technical Director of the National Theatre and

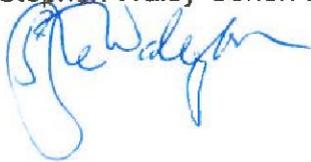
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CHAIRMAN'S REVIEW YEAR ENDED 31 JULY 2015

now of the Royal Opera House; Rishi Madlani, a former LSE student activist now on the LSE Board, is now one of the Councillors for 'our' Ward on Camden Council, and is very supportive of all we do; and Tanya Moodie, who as a graduate from our acting course, whose recent credits include two Olivier nominated performances, has taught and contributed to a number of different courses at RADA .

I can finish no better than I did last year, by emphasising that RADA achievements are only possible thanks to the tremendous commitment of our dedicated and skilled staff of full and part-time teachers. We thank them all, and also our equally dedicated managers and administrative team, graduates, students, generous donors, and supporters of all kinds, without all of whose interest and involvement RADA would not continue to be the remarkable institution it undoubtedly is.

Sir Stephen Waley-Cohen Bt.



THE ROYAL ACADEMY OF DRAMATIC ART

REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2015

Legal Structure

RADA is a charity registered with the Charity Commission under registration number 312819. It is governed by a Royal Charter of Incorporation dated 16 July 1920 as amended by Order in Council dated 22 December 1971 and further amended by Order in Council dated 19 July 2006.

RADA has a subsidiary company, RADA Enterprises Ltd now trading as RiB (company registration number 3999577, incorporated 12 June 2000). RADA holds 100% of the issued ordinary share capital of RiB.

RADA is a founder school of the Conservatoire for Dance and Drama ("CDD"), a Higher Education Institution, through which it receives funding towards the cost of its higher education qualifications.

Organisational Structure

The primary responsibility for RADA is vested in the Council with management of RADA being delegated to the Director, Edward Kemp, and the Senior Management Team. The Council operates with a series of committees with relevant senior RADA staff attending and presenting information and updates. The Finance and General Purposes Committee is responsible for recommending RADA's annual revenue and capital budgets to Council and monitoring performance in relation to approved budgets. The Audit Committee is responsible for monitoring RADA's system of internal controls, the work of internal and external auditors and the preparation of, and proper disclosure in, the annual Financial Statements.

These committees agree financial and non-financial targets with the management of RADA and monitor these on a regular basis on behalf of Council. RADA's management is required to supply further reports to the relevant committee if there is any significant change to the budget or business plan.

RADA operates within the requirements of CDD and is required to attend various meetings within that structure to adhere to the requirements for Higher Education funding.

Risk Management

The risk management policy of RADA is to adopt best practices in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The main risks for RADA are dependence on variable revenue streams (for example, donations) versus a relatively fixed cost base around the three main buildings, and the effects of changes in educational policy (for example, the level and type of grants).

The risks are reviewed regularly through a risk register monitored by the Audit Committee. The Council feels that RADA is adapting satisfactorily to the current financial environment.

Appointment of Trustees

As set out in the revised articles of the Royal Charter, members of the Council, who are Trustees for charity law purposes, are elected by the Council at a meeting of the Council or by written resolution signed by the majority of members.

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2015

Members of the Council hold office for a period of three years from the date of their election. Members may be re-elected for further three year periods provided that they do not serve for

more than nine consecutive years without a break of at least one year, unless the Council shall by Special Resolution otherwise determine. A Nominations Committee exists to review potential new members, both to replace retiring members and to reflect the needs and requirements of the Academy going forward.

Trustee Induction and Training

New members are given agendas, papers and minutes from the previous year's Council meetings together with documents such as the prospectus, events brochures, graduate brochures, programmes, fundraising literature and supporters' packs and a copy of the last Annual Report and Financial Statements. New members meet key individuals in RADA and on Council to discuss their duties as members. New and existing members are encouraged to attend key meetings, depending on their area of expertise, and performance and fundraising events at RADA. All new members have an introductory session with the Chairman.

Objects of the Charity

The objective of RADA, as defined by the revised Royal Charter of 19 July 2006, is "to advance the art of the Drama by means of giving instruction in and promoting the study, practice and knowledge of dramatic literature and acting in all or any of its branches exclusively. To promote and supervise such instruction as may be thought most conducive to the cultivation and dissemination of the art of the Drama in the United Kingdom and generally to encourage and promote the cultivation of Drama as an Art throughout the world".

Principal Aims

The principal aims of RADA are to:

- produce exceptional artists and technicians who can shape the future of the dramatic arts;
- foster talent and creativity through world-class vocational training;
- find and nurture the finest UK talent in the dramatic arts;
- fuel development in the creative industries, especially theatre; and
- provide international leadership in drama and drama training.

Main Objectives for the Year Ahead

A new Business Plan for 2016-18 is currently being drafted to be shared with the RADA Council in the autumn. Current priorities include:

- a major capital campaign to develop 16-18 Chenies Street, including refurbishment and creation of the Richard Attenborough Theatre, building student accommodation and enhanced library facilities and public access;
- increase diversity of applicants for technical courses and work with industry to improve diversity of technical staff in the profession;
- re-configure our technical courses following the technical review;
- consolidate the underpinning philosophy for the foundation years of the actor training
- embed the new Student and Academic Services team and processes; and
- develop new commercial activities and partners.

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2015

Strategy to Achieve the Objectives

Objectives are reviewed regularly through weekly senior management meetings, staff performance reviews and Council and committee meetings against a clear set of milestones and actions in the Business Plan.

A Review of the Activities of RADA to Further its Charitable Purposes for Public Benefit

Public benefit is a key focus in RADA's strategy. We raise significant funds each year to ensure that no students face financial obstacles in taking up their place at RADA. We are restructuring our Education and Outreach team to ensure greater transparency as to which activities are being undertaken to widen participation in our HE courses, and which contribute to a more general public benefit. We have been working with a range of partners to improve wider access to drama for various sectors of the population, in particular disabled people.

Council confirms that in planning activities for the year it has given careful consideration to the Charity Commission's general guidance on public benefit, in particular to its supplementary public benefit guidance on advancing education.

The further details of RADA's activities below explain how it fulfils its objectives and all of the activities provide public benefit.

Achievements and Performance

Applications for the 28 places on the BA Acting Course exceeded 3,500 for the first time, with a significant increase in applications from North America. There were increases in applications for all technical courses. From September 2015 25% of the BA in Acting students will be from Black, Asian, Minority, Ethnic ("BAME") backgrounds.

Student productions were invited to festivals in Messini, Greece and Florence, Italy and we continued our student and staff exchange programme with the National School of Drama in Delhi. A collaboration took place with the Juilliard School from NewYork at the Edinburgh International Festival.

Validated Courses

The review of RADA's engagement in the training of directors is continuing with industry partners, meanwhile the MA in Theatre Directing remains suspended. A new Lead Movement Tutor and a new Head of Sound have been appointed.

Short Courses

A new Director of Short Courses was appointed to lead in developing new programmes of activity. The Time Marks in European Theatre History programme delivered at RADA for Case Western Reserve University of Cleveland, Ohio ran for its second year.

Master Classes

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2015

Visitors to the Academy this year included alumni Fiona Shaw, Michelle Terry, Cynthia Erivo, Taron Egerton and Matthew Rhys, as well as Maureen Lipman and Janet Suzman. A series of poetry masterclasses sponsored by the Josephine Hart Poetry Foundation included contributions from Simon Armitage, Lemn Sissay and Samuel West. Distinguished German cabaret artist Eva Meier gave a concert and led a master-class in the Brecht/Weill repertoire.

Performances

Amongst the year's notable productions were the premieres of new plays specially written for the students by Joshua Sobol and Marcelo Dos Santos, the latter directed by alumnus Richard Wilson. Other notable productions were directed by Giles Havergal, Michael Fentiman and Paulette Randall and included a new translation of Racine's *Andromache*. Of the screenplays of the 6 short films, 5 were written by women.

Student Achievements

Sally Messham, BA Acting Student, left before graduation to film the ITV Series *Midwinter of the Spirit*, and Ian Smith, BA TTSM, took up a role as Production Assistant at Garsington Opera. By the time of graduation almost half the BA acting cohort had undertaken their first professional work. Caolan McCarthy won a BBC Radio Carleton Hobbs award and second year Luke Brady won a Laurence Olivier Bursary.

Education and Outreach

The annual School Tours project, now in its 14th year, took three Shakespeare plays into London state schools and colleges. The RADA Youth Company performed its summer production of *King Lear* to packed audiences in the Jerwood Vanbrugh Theatre and RADA's Elders Company has almost completed its second full year. Ongoing and further collaborations with Camden Council and the Prince's Trust continued and saw successful delivery of three programmes at RADA. The open access workshops for 16 to 24s and Over 24s go from strength to strength along with a new Graduates in Schools programme that offered free workshops and careers talks in state schools throughout London and Essex.

Investment Policy

RADA's policy is to invest in total return funds that aim to protect capital and provide real absolute returns. To spread risk, the investments are currently with three funds that have different asset mixes that include equities, bonds, gilts, gold and cash. The performance of these funds is reviewed regularly by meetings between RADA's Investment and Endowment Committee and investment managers.

Reserves Policy

The general funds of RADA of £5,939k (2014: £5,504k) are largely represented by fixed assets.

Council's long term aim is to ensure that RADA has freely available general funds equal to its estimate of at least one year's running costs excluding depreciation and the costs of subsidiary trading and short courses. Progress is being made in achieving this aim.

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2015

Financial review

There follows below, in the form of an abridged income and expenditure account, a summary of RADA's financial performance for the years ended 31 July 2015 and 31 July 2014:

	Operating Results 2015 £'000	Operating Results 2014 £'000
Fee and Grant income	4,779	4,497
Donation & Sponsorship	625	692
Net Capital donations	(95)	(189)
Royalty Income	199	128
Bursary donations	374	347
RiB Contribution	928	847
Sundry	293	160
Total Income	7,103	6,482
Total Expenditure	6,998	6,748
Operating Surplus/(Deficit)	105	(266)

The year ended 31st July 2015 was regarded as satisfactory in financial terms with increases in expenditure primarily associated with continued investment in new courses in RiB and short course development broadly matched by higher income. It is the intention that RADA's net operating result in future years should aim to be at breakeven or better.

Statement of Trustees' Responsibilities

Council is responsible for preparing the Report of the Members of Council and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice ("SORP");
- make judgements and estimates that are reasonable and prudent;

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2015

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. Council is responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Council also has regard to the voluntary code of practice of the Committee of University Chairs, Guide for Members of Higher Education Governing Bodies in the UK.

Council has taken steps to:

- ensure that funds received from the Higher Education Funding Council for England ("HEFCE") through the CDD are used only for the purposes for which they have been given and in accordance with the funding agreements and other conditions which each funding body may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of RADA and prevent and detect fraud; and
- secure the efficient and effective management of RADA's resources and expenditure.

Internal Control

RADA's key internal financial controls, which are designed to discharge the responsibilities set out above, include the following:

- regular scrutiny of budgets through monthly management accounts and detailed transaction listings in meetings with key budget holders;
- two year rolling cash flow projections and reviews of medium term forecasts;
- regular reviews of key budget and Business Plan milestones by the Council's Finance and General Purposes Committee;
- authorisation procedures, separation of incompatible duties, performance and review of key accounting reconciliations and controls over access to systems.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against any material misstatement or loss.

For and on behalf of the Members of Council

Sir Stephen Waley-Cohen Bt 29 October 2015



THE ROYAL ACADEMY OF DRAMATIC ART

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES YEAR ENDED 31 JULY 2015

We have audited the financial statements of the charity and the group on pages 13 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the charity and the group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Review and the Report of the Members of Council to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the group as at 31 July 2015 and of its incoming resources and application of resources, including the income and expenditure of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
YEAR ENDED 31 JULY 2015**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Members of Council is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Matters on which we are required to report in respect of the Higher Education Funding Council for England ("HEFCE")

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum with the Conservatoire for Dance and Drama and any other terms and conditions attached to them.

Saffery Champness

Saffery Champness
Chartered Accountants
Statutory Auditors
Lion House
Red Lion Street
London
WC1R 4GB

29 October 2015

THE ROYAL ACADEMY OF DRAMATIC ART

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2015

	Notes	Unrestricted Funds £'000	Restricted Funds		Total Funds 2015 £'000	Total Funds 2014 £'000
			Income Funds £'000	Capital Funds £'000		
<u>Incoming Resources</u>						
Incoming Resources from Generated Funds						
	1					
Voluntary income		488	587	-	1,075	1,085
Activities for generating funds		3,394	-	-	3,394	3,018
Investment income		10	-	-	10	3
Incoming Resources from Charitable Activities						
	1					
Provision of higher education		2,604	-	-	2,604	2,485
Other educational income		2,284	14	-	2,298	2,106
Total Incoming Resources		8,780	601	-	9,381	8,697
<u>Resources Expended</u>						
Costs of generating funds	4	319	-	-	319	281
Costs of RIB	2	2,183	-	-	2,183	2,015
Costs of charitable activities	5	4,991	1,279	25	6,295	6,119
Governance costs	6	60	-	-	60	57
Total Resources Expended		7,553	1,279	25	8,857	8,472
Net incoming resources before recognised gains and losses						
	19a	1,227	(678)	(25)	524	225
Unrealised gains on investments						
		562	-	322	884	108
Actuarial losses on pension fund						
	23	(803)	-	-	(803)	(74)
Net Movement in Funds		986	(678)	297	605	259
Fund Balances at beginning of year						
		12,675	21,449	3,347	37,471	37,212
Fund Balances at end of year						
		13,661	20,771	3,644	38,076	37,471

All amounts above derive from continuing operations. The Consolidated Statement of Financial Activities contains all gains and losses in the period.

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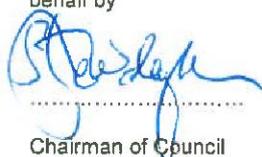
BALANCE SHEETS AT 31 JULY 2015

	Notes	GROUP		ACADEMY	
		31 July 2015 £'000	31 July 2014 £'000	31 July 2015 £'000	31 July 2014 £'000
Fixed assets					
Tangible assets	8	30,573	30,951	30,570	30,946
Intangible assets	9	262	412	262	412
Investments	2, 10	11,366	10,518	11,366	10,518
		<u>42,201</u>	<u>41,881</u>	<u>42,198</u>	<u>41,876</u>
Current assets					
Debtors	11	744	639	1,076	952
Cash at bank and in hand		2,724	2,295	2,151	1,732
		<u>3,468</u>	<u>2,934</u>	<u>3,227</u>	<u>2,684</u>
Creditors: amounts falling due within one year					
	12	<u>(1,373)</u>	<u>(1,531)</u>	<u>(1,130)</u>	<u>(1,279)</u>
Net current assets		<u>2,095</u>	<u>1,403</u>	<u>2,097</u>	<u>1,405</u>
Total assets less current liabilities		<u>44,296</u>	<u>43,284</u>	<u>44,295</u>	<u>43,281</u>
Creditors: amounts falling due after more than one year					
	13	<u>(4,802)</u>	<u>(4,874)</u>	<u>(4,802)</u>	<u>(4,874)</u>
Total net assets before Pension scheme liability		<u>39,494</u>	<u>38,410</u>	<u>39,493</u>	<u>38,407</u>
Pension scheme liability	23	<u>(1,418)</u>	<u>(939)</u>	<u>(1,418)</u>	<u>(939)</u>
Total net assets after Pension scheme liability		<u>38,076</u>	<u>37,471</u>	<u>38,075</u>	<u>37,468</u>
Represented by:					
Designated funds		7,722	7,171	7,722	7,171
General funds		5,939	5,504	5,938	5,501
Total unrestricted funds	16	<u>13,661</u>	<u>12,675</u>	<u>13,660</u>	<u>12,672</u>
Restricted income funds	14	20,771	21,449	20,771	21,449
Restricted capital funds	15	3,644	3,347	3,644	3,347
Total funds	17	<u>38,076</u>	<u>37,471</u>	<u>38,075</u>	<u>37,468</u>

The financial statements on pages 13-39 were approved by Council on behalf by

29 October

2015 and signed on its


Chairman of Council


Member of Council


Director

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CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	19a	744	808
Returns on investments and servicing of finance	19b	10	3
Capital expenditure	19c	(253)	(355)
Cash inflow before use of financing		<u>501</u>	<u>456</u>
Financing	19d	(72)	(61)
Increase in cash in the year		<u>429</u>	<u>395</u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		<u>429</u>	<u>395</u>
Movement in net debt resulting from cash flows in the year		429	395
Non cash movement		61	51
Net debt at beginning of the year		<u>(2,640)</u>	<u>(3,086)</u>
Net debt at end of the year	19e	<u>(2,150)</u>	<u>(2,640)</u>

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ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2015

Basis of Preparation and Accounting

These financial statements have been prepared in accordance with the Charities Act 2011, applicable Accounting Standards and with the historical cost convention (except for the revaluation of fixed asset investments). The financial statements comply with United Kingdom Accounting Standards and the Statement of Recommended Practice – Accounting and Reporting by Charities, issued in March 2005 (“SORP 2005”).

Group Accounts

These financial statements consolidate the results of RADA and its wholly owned subsidiary, RiB, on a line by line basis.

Incoming Resources

Incoming resources are recognised on the following basis:

- **Funding Council Grants**
Income receivable from HEFCE is apportioned to financial years on a time basis.
- **Tuition Fees**
Tuition fees receivable are accounted for in the period in which the tuition is provided.
- **Seat Endowments and other Donations and Grants**
Income from these sources is recognised on a receipts basis.
- **Legacies**
Legacies are recognised when entitlement and certainty of receipt have been confirmed and the legacy can be quantified with sufficient accuracy.
- **Capital Expenditure Grants**
Grants received to fund capital expenditure are recorded as income and taken to reserves.

Resources Expended

Resources expended are accounted for on an accruals basis. Resources expended are classified under activity headings that aggregate costs related to that category.

The costs of generating funds include the costs of fund raising, commercial trading, running a bar and selling merchandise.

Charitable activities costs comprise teaching and production of theatre.

Governance costs include a proportion of costs for staff who work on Council meetings and audit, as well as the costs of audit fees.

Support costs are allocated entirely to charitable activities, based on the proportions of costs within each group. The cost of irrecoverable Value Added Tax is included as a finance cost within support costs.

THE ROYAL ACADEMY OF DRAMATIC ART

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2015

Investments

Investments are stated at market value.

Tangible Fixed Assets

Assets costing more than £2,000 are capitalised in the year of purchase.

Depreciation is provided on the following bases:

Freehold buildings	1% per annum straight line
Long leasehold	Straight line over the period of the lease
Short leasehold	Straight line over the period of the lease
Fixtures, fittings and office equipment	10% to 33.3% per annum straight line
Theatre, props, wardrobe and library plant and equipment,	10% per annum straight line
Freehold land is not depreciated.	

Assets under construction are depreciated when the work has been completed.

Intangible Fixed Assets

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

This is considered to be five years for the RADA Studios (previously the Drill Hall).

Fund Accounting

Donations and grants received for the general purposes of the charity are included as "unrestricted funds". Donations and grants restricted by the donor or the terms of the grant are taken to "restricted funds". Donations or grants required to be retained as capital in accordance with the donor's wishes or the terms of the grant are credited to restricted capital funds (see note 14).

Taxation

RADA is a registered charity and is exempt from taxation on income and capital gains arising from charitable activities, to the extent that such income and gains are applied to charitable purposes.

Leases

The leasehold property held under a finance lease is recognised as an asset of RADA at historic cost less depreciation. The liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

THE ROYAL ACADEMY OF DRAMATIC ART

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2015

Royal Academy of Dramatic Art 1978 Retirement Fund ("the Scheme")

The Scheme is a defined benefit plan. Scheme assets are measured using market values. Scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Scheme expected to arise from employee service in the period is charged to the Consolidated Statement of Financial Activities ("SOFA").

The expected return on the Scheme's assets and any decrease during the period in the present value of the Scheme's liabilities arising from the passage of time are included in the SOFA. Actuarial gains and losses are recognised in the SOFA. Scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

**Note 1
Incoming Resources**

	<i>Unrestricted Funds</i> 2015 £'000	<i>Restricted Funds</i> 2015 £'000	<i>Total Funds</i> 2015 £'000	<i>Total Funds</i> 2014 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
<u>Voluntary Income</u>				
Bursary and Grants	-	374	374	347
Fundraising income (donations and sponsorship)	289	213	502	599
Legacy Income	-	-	-	11
Royalty Income	199	-	199	128
	488	587	1,075	1,085
<u>Activities for Generating Funds</u>				
Merchandise	7	-	7	5
Sundry Income	84	-	84	24
Fundraising events	124	-	124	57
Grant Income	68	-	68	70
RiB trading income	3,111	-	3,111	2,862
	3,394	-	3,394	3,018
<u>Investment Income</u>				
Bank Interest	10	-	10	3
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Contributions from HEFCE	849	-	849	939
Fees from EU Higher Education students	1,508	-	1,508	1,298
Fees from non EU Higher Education students	247	-	247	248
	2,604	-	2,604	2,485
Short Course Income	1,833	-	1,833	1,696
Audition Fees	242	-	-	242
Outreach Income	109	14	123	93
Production	100	-	100	96
	2,284	14	2,298	2,106
Total from Charitable Activities	4,888	14	4,902	4,591
TOTAL INCOMING RESOURCES	8,780	601	9,381	8,697

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

Note 2

Income and Expenditure of RADA and its subsidiary company

- a) A Statement of Financial Activities for RADA as an individual entity is not included as a result of applying the exemption given in SORP 2005. The total incoming resources of RADA as an individual entity for the year were £7,129k (2014: £6,615k). Its net incoming resources were £455k (2014: £158k);
- b) RADA has one wholly owned subsidiary, RiB which is incorporated in England and Wales and which has a share capital of £2. RiB gift aids its taxable profits to RADA every year. A summary of the accounts of RiB which also incorporates the operation of RADA Studios is set out below.

	2015 £'000	2014 £'000
Profit and Loss		
Turnover RiB	2,466	2,304
Turnover RADA Studios	645	558
TOTAL Turnover	<u>3,111</u>	<u>2,862</u>
Cost of sales RiB	(1,030)	(897)
Cost of sales RADA Studios	(169)	(138)
Total cost of sales	<u>(1,199)</u>	<u>(1,035)</u>
Gross profit	1,912	1,827
Other operating expenses RiB (i)	(741)	(702)
Other operating expenses RADA Studios	(315)	(347)
Total other operating expenses	<u>(1,056)</u>	<u>(1,049)</u>
Profit on ordinary activities before and after taxation	856	778
Donation to RADA by way of gift aid	(859)	(780)
Net loss for the year	<u>(3)</u>	<u>(2)</u>

- (i) Other operating costs include £72k (2014: £69k) of rent and other charges from RADA.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

Note 3 Staff Costs

	2015 £'000	2014 £'000
Wages and salaries	3,588	3,441
Pensions	30	5
Social security costs	331	327
	<u>3,949</u>	<u>3,773</u>

	2015	2014
The average monthly number of persons analysed by function was:		
Core course teaching	34	34
Short course	8	6
Outreach	2	1
Fundraising	6	5
Building and reception staff	8	8
RiB (including RADA Studios)	20	22
Administration	16	15
Productions/Box Office	5	5
	<u>99</u>	<u>96</u>

Emoluments for the Director, including pension payments of £1,026, were as follows:

	2015 £	2014 £
The Director	103,818	100,695

The following number of employees received salaries in excess of £60,000:

	2015 Number	2014 Number
£60,000 - £70,000	4	2
£80,000 - £90,000	1	1
£101,000-£110,000	1	1
£150,000- £160,000	0	1
£170,000- £180,000	1	0

Contributions to pension schemes of £5,373 (2014: £572) were made on behalf of these employees.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

Note 4

Costs of Generating Funds

	Unrestricted £'000	Total 2015 £'000	2014 £'000
Fundraising Costs			
Salary Costs	237	237	208
Direct Costs	10	10	49
	<u>247</u>	<u>247</u>	<u>257</u>
Fundraising event costs	<u>55</u>	<u>55</u>	<u>11</u>
Other Salary Costs	12	12	7
Other Costs	5	5	6
	<u>17</u>	<u>17</u>	<u>13</u>
TOTAL	<u><u>319</u></u>	<u><u>319</u></u>	<u><u>281</u></u>

Note 5

Costs of Charitable Activities

£'000	Core Course	Short Courses	Outreach	Box Office	TOTAL 2015	TOTAL 2014
Salaries	1,410	343	60	94	1,907	1,851
Fees	116	237	85	-	438	393
Teaching	130	-	-	-	130	149
Validation	31	-	-	-	31	30
Audition	91	-	-	-	91	88
Production	153	-	-	33	186	168
Refectory (net cost)	13	-	-	-	13	14
Support costs	1,950	583	147	126	2,806	2,780
Bursaries and student support	545	-	-	-	545	521
Other	16	132	-	-	148	125
TOTAL	<u><u>4,455</u></u>	<u><u>1,295</u></u>	<u><u>292</u></u>	<u><u>253</u></u>	<u><u>6,295</u></u>	<u><u>6,119</u></u>

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

Note 5 Costs of Charitable Activities (continued)

Support Cost Analysis

£'000	Unrestricted Costs	Restricted Costs	Total 2015	Total 2014
Salaries	921	-	921	886
Welfare	8	-	8	2
Administration costs	142	-	142	114
Buildings and IT	692	125	817	825
Depreciation	257	524	781	791
FRS17 adjustment	(324)	-	(324)	(291)
Finance costs	171	-	171	174
Pension costs	290	-	290	279
TOTAL	2,157	649	2,806	2,780

Note 6 Governance Costs

£'000	Total 2015	Total 2014
Auditors' remuneration	17	20
Staff costs	38	32
Meetings and other costs	5	5
TOTAL	60	57

Note 7 Taxation

No charge to taxation arises as the income of RADA falls solely within its charitable activities and is spent on charitable purposes and as the subsidiary, RiB, gives its taxable profits to RADA by way of Gift Aid.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 8
Tangible Fixed Assets

Group	Freehold property £'000	Long leasehold property £'000	Short leasehold properties £'000	Assets in the course of construction £'000	Fixtures, fittings, library and theatre plant £'000	Total £'000
Cost						
1 August 2014	5,788	26,678	4,880	33	3,776	41,155
Additions	-	-	-	71	182	253
At 31 July 2015	5,788	26,678	4,880	104	3,958	41,408
Depreciation and amounts written off						
1 August 2014	1,715	3,901	1,303	0	3,285	10,204
Charge for the period	30	275	197	0	129	631
31 July 2015	1,745	4,176	1,500	0	3,414	10,835
Net Book Value 31 July 2015	4,043	22,502	3,380	104	544	30,573
Net Book Value 31 July 2014	4,073	22,777	3,577	33	491	30,951

The net book value of assets under finance leases is £2,785k (2014: £2,927k).

All fixed assets are used for charitable purposes.

Assets under construction relate to costs associated with planning applications for the refurbishment and redevelopment of 16 and 18 Chenies St

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 8
Tangible Fixed Assets (continued)

Academy	Freehold property £'000	Long leasehold property £'000	Short leasehold properties £'000	Assets in the course of construction £'000	Fixtures, fittings, library and theatre plant £'000	Total £'000
Cost						
1 August 2014	5,788	26,678	4,880	33	3,714	41,093
Additions	-	-	-	71	182	253
At 31 July 2015	5,788	26,678	4,880	104	3,896	41,346
Depreciation and amounts written off						
1 August 2014	1,715	3,901	1,303	0	3,228	10,147
Charge for the period	30	275	197	0	127	629
31 July 2015	1,745	4,176	1,500	0	3,355	10,776
Net Book Value 31 July 2015	4,043	22,502	3,380	104	541	30,570
Net Book Value 31 July 2014	4,073	22,777	3,577	33	486	30,946

The net book value of assets held under finance leases is £2,785k (2014: £2,927k).

All fixed assets are used for charitable purposes.

Assets under construction relate to costs associated with planning applications for the refurbishment and redevelopment of 16 and 18 Chenies St

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 9
Intangible Assets

Goodwill of RADA Studios	Group and Academy £'000
Cost	
1 August 2014 and 31 July 2015	<u>750</u>
Amortisation	
1 August 2014	338
Charge for period	<u>150</u>
31 July 2015	<u>488</u>
Net Book Value 31 July 2015	<u>262</u>
Net Book Value 31 July 2014	<u>412</u>

The goodwill on RADA Studios is being amortised over five years being the period up to the first rent review.

Note 10
Fixed Asset Investments

	Group and Academy	
	2015 £'000	2014 £'000
Quoted investments (i)	<u>11,366</u>	<u>10,518</u>
	<u>11,366</u>	<u>10,518</u>

(i) Included in the RADA investments is share capital in RiB at a cost of £2 (Note 2).

Quoted investments at valuation

	Group and Academy	
	2015 £'000	2014 £'000
At 1 August	10,518	10,195
Additions at cost	-	250
Investment management fee deducted from fund value	(36)	(35)
Unrealised gains in the year	884	108
Quoted Investments at Market Valuation	<u>11,366</u>	<u>10,518</u>
Historic cost	<u>7,806</u>	<u>7,806</u>

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 10

Fixed Asset Investments (continued)

The market value at 31 July 2015 includes cash and securities which are invested in three Funds managed by McInroy & Wood Ltd, Ruffer LLP and Troy Asset Management Ltd.

Investments are analysed as follows:

	2015 £'000	2014 £'000
Geographic		
UK	6,022	6,202
Non UK	5,344	4,316
	<u>11,366</u>	<u>10,518</u>
Fixed interest	4,066	3,017
UK equities	1,513	1,631
Overseas equities	4,731	4,818
Cash	498	529
Other (commodities)	558	523
	<u>11,366</u>	<u>10,518</u>

All investments are held in one of three funds. Within those funds no one investment in a company accounts for more than 5% of that fund's value.

Note 11

Debtors

	Group		Academy	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Due within one year:				
Trade debtors including student fees	560	474	35	11
Loans to staff and students	6	3	6	3
Prepayments and accrued income	178	162	176	158
Amount due from subsidiary undertaking	-	-	859	780
	<u>744</u>	<u>639</u>	<u>1,076</u>	<u>952</u>

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 12

Creditors: amounts falling due within one year

	Group		Academy	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amount due under finance lease	72	61	72	61
Trade creditors	102	109	93	101
Taxation and social security costs	187	203	82	69
Other creditors	51	47	51	47
Accruals and deferred income	961	1,111	832	1,001
	<u>1,373</u>	<u>1,531</u>	<u>1,130</u>	<u>1,279</u>

Note 13

Creditors: amounts falling due after more than one year

	Group and Academy	
	2015 £'000	2014 £'000
Amount due under finance lease	4,802	4,874
Amount due under finance lease falls due as follows:		
Within 1-2 years	83	72
Within 2-5 years	327	288
After more than 5 years	4,392	4,514
	<u>4,802</u>	<u>4,874</u>

The finance lease has a term of 30 years from December 2005 and is repayable by quarterly instalments, which are subject to annual fixed rate increments. The interest rate implicit on the lease is 5.0% per annum.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 14
Restricted Income Funds

Group and Academy	Balance	Movement in		Balance
	1 August 2014 £'000	Incoming resources £'000	Outgoing resources £'000	31 July 2015 £'000
Centenary Project Fund	20,684	-	(300)	20,384
Bursary Fund	-	374	(374)	-
WAR Fund	253	58	(311)	-
Chenies Street Fund	190	-	(162)	28
Chenies Street Props Refurbishment	75	-	(54)	21
Production Sponsorship	-	68	(68)	-
Shaw Fund	-	6	-	6
Attenborough Campaign	189	95	-	284
Jerwood Vanbrugh Cinema	58	-	(10)	48
	21,449	601	(1,279)	20,771

Centenary Project Fund

This Fund represents monies received from Arts Council England and other donors for the redevelopment and refurbishment of the freehold and leasehold properties owned by RADA.

Bursary Fund

The Bursary Fund is used solely for student scholarships and bursaries.

WAR Fund

The Wider Access and Retention Fund is held to support outreach and student retention activities

Chenies Street Fund

This Fund represents monies donated for the refurbishment of 18 Chenies Street and Nicholas Cooper House.

Chenies Street Props Refurbishment

This Fund represents monies donated for the refurbishment of the Props department at 18 Chenies Street.

Production Sponsorship

This Fund represents sponsorship for productions during the year as well as the final year Tree presentations and second year student Prize Fight performances. Incoming resources also include film sponsorship from the Josephine Saatchi Trust of £10,000.

Shaw Fund

This Fund represents monies donated towards a fund to invest in new writing and to replace the Shaw Royalties which end in 2020.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

Note 14 Restricted Income Funds (continued)

Attenborough Campaign

This Fund has been established in memory of Lord Attenborough to raise money to upgrade the theatre and buildings in 16-18 Chenies St and provide student accommodation.

Jerwood Vanbrugh Cinema

This Fund represents the balance of £111k raised to provide a digital cinema facility in the Jerwood Vanbrugh Theatre. As well as being used for educational purposes the cinema facility shows a series of graduate work and live relay broadcasts from theatres, concert and opera houses worldwide.

Note 15 Restricted Capital Funds

Group and Academy

	1 August 2014 £'000	Management Fees £'000	Unrealised gains on investments £'000	31 July 2015 £'000
Category A	2,389	(18)	230	2,601
Category B	958	(7)	92	1,043
	<u>3,347</u>	<u>(25)</u>	<u>322</u>	<u>3,644</u>

The original monies donated to restricted capital funds must be retained as capital. An assessment of the income from these funds is made as required and investments are sold where required to provide bursary and other support whilst keeping within limits that preserve the original capital value. Income relating to Categories A and B Funds is used for student bursaries. In addition, income relating to Category B Funds may be used for wider RADA purposes as agreed by Council.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 16
Unrestricted Funds

	1 August 2014 £'000	Net incoming resources £'000	Unrealised gains on investments £'000	Actuarial (losses) £'000	31 July 2015 £'000
General fund	6,443	914	-	-	7,357
Pension scheme debt	(939)	324	-	(803)	(1,418)
	<u>5,504</u>	<u>1,238</u>	<u>-</u>	<u>(803)</u>	<u>5,939</u>
Designated funds					
Scholarship Fund	1,358	(2)	106	-	1,462
Building and Capital Fund	<u>5,813</u>	<u>(9)</u>	<u>456</u>	<u>-</u>	<u>6,260</u>
	<u>7,171</u>	<u>(11)</u>	<u>562</u>	<u>-</u>	<u>7,722</u>
Total Unrestricted funds	<u>12,675</u>	<u>1,227</u>	<u>562</u>	<u>(803)</u>	<u>13,661</u>

Scholarship Fund

The Scholarship Fund is to provide student bursaries and scholarships. In the year scholarships were paid from current account surpluses.

Building and Capital Projects Fund

The Building and Capital Projects Fund was created to enable the Academy to undertake capital and refurbishment projects on its estate.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 17

Analysis of Net Assets between Funds

	Tangible & intangible fixed assets £'000	Investments £'000	Net current (liabilities)/ assets £'000	Long term & pension liabilities £'000	Total £'000
Restricted capital funds	-	3,644	-	-	3,644
Restricted income funds					
Centenary Project Fund	20,684	-	(300)	-	20,384
Shaw Fund		-	6	-	6
Chenies Street Project Fund	190	-	(162)	-	28
Chenies Street Props Refurbishment	75	-	(54)		21
Attenborough Campaign	189		95		284
Jerwood Vanbrugh Cinema	58	-	(10)	-	48
Designated funds	-	7,722	-	-	7,722
General fund	9,639	-	2,520	(6,220)	5,939
	<u>30,835</u>	<u>11,366</u>	<u>2,095</u>	<u>(6,200)</u>	<u>38,076</u>

Note 18

Contingent Liabilities

- (a) RADA received during the year ended 31 March 1990 a sum of £500,000 being a contribution towards the purchase price of 18 Chenies Street from the then Secretary of State for Education to be used in compliance with the Education (Grant) Regulations 1983.

In the event of the property not being used for the purpose for which it was intended to be used at the time the grant was made, on the application of the Secretary of State, it may be repayable by RADA.

- (b) Under the terms of a grant towards RADA's Centenary Project, Arts Council England ("ACE") paid RADA a grant of £22,897,736 from the National Lottery Fund. In the event of RADA not complying with the conditions of the grant, ACE may apply for it to be repaid.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 19

Notes to the Cash Flow Statement

	2015 £'000	2014 £'000
a) Reconciliation of changes in resources to net cash inflow from operating activities:		
Changes in resources	524	225
Interest and dividends receivable	(10)	(3)
Changes in resources after revaluations, interest paid and interest and dividends received	<u>514</u>	<u>222</u>
Depreciation and amortisation	781	791
(Increase)/decrease in debtors	(105)	25
(Decrease)/increase in creditors	(158)	26
Difference between FRS 17 pension scheme current cost and scheme contributions	(324)	(291)
Investment management fees deducted from fund valuation	36	35
Net cash inflow from operating activities	<u><u>744</u></u>	<u><u>808</u></u>
b) Returns on investments and servicing of finance:		
Interest received	<u>10</u>	<u>3</u>
c) Capital expenditure:		
Purchase of tangible and intangible fixed assets	(253)	(105)
Purchase of investments	<u>-</u>	<u>(250)</u>
Capital expenditure	<u>(253)</u>	<u>(355)</u>
d) Financing:		
Capital element of finance lease payments	<u>(72)</u>	<u>(61)</u>

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 19

Notes to the Cash Flow Statement (continued)

e) Analysis of net debt:

	1 August 2014 £'000	Cashflow £'000	Other changes £'000	31 July 2015 £'000
Cash in hand and at bank	<u>2,295</u>	<u>429</u>	<u>-</u>	<u>2,724</u>
Finance lease due in less than one year	(61)	61	(72)	(72)
Finance lease due in more than one year	<u>(4,874)</u>	<u>-</u>	<u>72</u>	<u>(4,802)</u>
	<u>(2,640)</u>	<u>490</u>	<u>-</u>	<u>(2,150)</u>

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

Note 20

Related Party Transactions

Donations include £34,505 (2014: £63,620) received from Council members, or organisations connected with Council members. Donations for student bursaries of £3,000 were also received from Council members (2014: £7,000).

Wine to the value of £10,267 (2014: £1,758) was purchased for RADA events at a rate that is discounted compared to market prices from Berry Bros. & Rudd. That company's Chairman, Simon Berry, is a member of Council. Berry Bros. Rudd also provided wine at a competitive rate to RiB to the value of £14,862 (2014: £3,278) for sales in the RADA Studios bar.

Michelle Terry a member of Council taught a module on a RADA summer school and was paid the standard teaching fee of £844.05.

Jane Heather, the partner of the Director of RADA worked as a designer on a RADA production and was paid the standard design fee of £2,800 (2014: £2,327).

Note 21

Capital Commitments

RADA had no capital commitments at 31 July 2015 or 2014.

Note 22

Legacies

RADA received no legacies in the year.

Note 23

Pension Commitments

RADA operates a defined benefit Pension Scheme ("the Scheme"), the assets of which are held separately from RADA.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

A full actuarial valuation was carried out at 1 April 2013 by a qualified actuary, independent of the Scheme's sponsoring employer. It was assumed for the 2013 valuation that the rate of return on the Scheme's assets would be 4.3% and the rate of future pensionable salary increases would be 3.5%. The actuarial valuation of the Scheme's assets at 1 April 2013 was £5,003,000, actuarially estimated to represent 73% of the benefits that had accrued to members of the Scheme after allowing for expected future increases in earnings.

Employees no longer contribute to the Scheme as it is closed to the accrual of future benefits. RADA makes a contribution, agreed between the Trustees of the Scheme and RADA based on advice given by the Scheme actuary, of £20,834 per month.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 23

Pension Commitments (continued)

FRS 17 disclosures for the year ended 31 July 2015

Present value of the Scheme liabilities, fair value of assets and deficit

	At 31 July 2015 £'000	At 31 July 2014 £'000	At 31 July 2013 £'000
Fair value of the Scheme assets	5,925	5,412	4,947
Present value of the Scheme liabilities	<u>(7,343)</u>	<u>(6,351)</u>	<u>(6,103)</u>
Deficit in the Scheme	<u>(1,418)</u>	<u>(939)</u>	<u>(1,156)</u>

Reconciliation of opening and closing balances of the present value of the Scheme liabilities

	2015 £'000	2014 £'000
The Scheme liabilities at start of the year	6,351	6,103
Interest cost	263	262
Actuarial losses	744	21
Benefits paid	(15)	(35)
The Scheme liabilities at end of the year	<u>7,343</u>	<u>6,351</u>

Reconciliation of opening and closing balances of the fair value of the Scheme assets

	2015 £'000	2014 £'000
Fair value of the Scheme assets at 1 August	5,412	4,947
Expected return on the Scheme assets	337	303
Actuarial (losses)/gains	(59)	(53)
Benefits paid	(15)	(35)
Contributions by RADA	250	250
Fair value of the Scheme assets at 31 July	<u>5,925</u>	<u>5,412</u>

The actual return on the Scheme assets during the year ended 31 July 2015 was £278,000.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 23

Pension Commitments (continued)

Total expense recognised in the SOFA

	2015 £'000	2014 £'000
Interest cost	263	262
Expected return on the Scheme assets	(337)	(303)
	<u>(74)</u>	<u>(41)</u>

Actuarial gains and losses

	2015 £'000	2014 £'000
Difference in losses between expected and actual return on the Scheme assets	(59)	(53)
Experience gains/(losses) arising on the Scheme liabilities	20	(52)
Effects of changes in the demographics and financial assumptions underlying the present value of the Scheme liabilities:	(764)	31
Total actuarial loss recognised in the SOFA	<u>(803)</u>	<u>(74)</u>

Assets

	31 July 2015 £'000	31 July 2014 £'000	31 July 2013 £'000
Diversified Growth Fund	5,925	5,412	4,947
TOTAL	<u>5,925</u>	<u>5,412</u>	<u>4,947</u>

None of the fair value of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

THE ROYAL ACADEMY OF DRAMATIC ART

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

Note 23

Pension Commitments (continued)

Assumptions

	31 July 2015 per annum	31 July 2014 per annum	31 July 2013 per annum
Inflation	3.30%	3.40%	3.40%
Rate of discount	3.55%	4.15%	4.30%
Allowance for revaluation of deferred pensions of RPI or 5% p.a., if less	3.30%	3.40%	3.40%
Allowance for pension in payment increases of RPI or 5% p.a., if less	3.30%	3.40%	3.40%
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions imply the following life expectancies at age 65 years:

	31 July 2015 Years	31 July 2014 Years
Male retiring in 2015	23.6	23.5
Female retiring in 2015	25.9	25.8
Male retiring in 2035	25.3	25.4
Female retiring in 2035	27.8	27.7

Expected long term rates of return

The long-term expected rate of return on cash is determined by reference to gilt yields. The long-term expected return on bonds is determined by reference to corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions. The long-term expected return on the diversified growth fund has been determined by reference to gilt/bond yields with an allowance for out-performance.

The expected long term rates of return applicable for each period are as follows:

	Year commencing 1 August 2015 % per annum	Period commencing 1 August 2014 % per annum
Diversified Growth Fund	6.10%	6.00%
Overall for the Scheme	6.10%	6.00%

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Note 23
Pension Commitments (continued)

Assumptions for the current and previous four years:

	31 July 2015 £,000	31 July 2014 £'000	31 July 2013 £'000	31 July 2012 £'000	31 March 2011 £'000
Fair value of the Scheme assets	5,925	5,412	4,947	4,403	4,167
Present value of the Scheme liabilities	(7,343)	(6,351)	(6,103)	(6,030)	(4,698)
Deficit in the Scheme	(1,418)	(939)	(1,156)	(1,627)	(531)
Experience adjustment on the Scheme assets	(59)	(53)	138	(291)	321
Experience adjustment on the Scheme liabilities	20	(52)	-	(28)	(35)

The best estimate of contributions to be paid by RADA to the Scheme for the year beginning on 1 August 2015 is £250,008 per annum.

